Reprinted
March 1, 2005

SENATE BILL No. 66

DIGEST OF SB 66 (Updated February 28, 2005 7:43 pm - DI 104)

Citations Affected: IC 12-15; IC 12-16.

Synopsis: Hospital care and reimbursement under Medicaid. Extends provisions of law until December 31, 2007, that: (1) prohibit the office of Medicaid policy (office) or the office's managed care contractor from providing incentives or mandates that direct certain individuals to specified hospitals other than the hospital located in the city where the patient resides unless specified conditions are met; (2) require reimbursement for specified hospitals for services provided if certain conditions are met; and (3) require an inflation adjustment factor to be applied to the reimbursements. Extends the deadline in which a hospital has to file an application for the hospital care for the indigent program (program) from 30 days to 45 days. Specifies the services or items included as a payable claim in the program.

Effective: July 1, 2003 (retroactive); December 30, 2004 (retroactive); December 31, 2004 (retroactive); upon passage.

Dillon, Rogers

January 4, 2005, read first time and referred to Committee on Rules and Legislative Procedure.
February 15, 2005, amended; reassigned to Committee on Health and Provider Services.
February 24, 2005, reported favorably — Do Pass.
February 28, 2005, read second time, amended, ordered engrossed.

Reprinted
March 1, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~
Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.
Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 66

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 12-15-11.5-3.1 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE DECEMBER 30, 2004 (RETROACTIVE)]: **Sec. 3.1. (a) The office or the office's managed care contractor may not provide incentives or mandates to the primary medical provider to direct individuals described in section 2 of this chapter to contracted hospitals other than a hospital in a city where the patient resides.**

(b) The prohibition in subsection (a) includes methodologies that operate to lessen a primary medical provider's payment due to the provider's referral of an individual described in section 2 of this chapter to the hospital in the city where the individual resides.

(c) If a hospital's reimbursement for nonemergency services that are provided to an individual described in section 2 of this chapter is established by:

(1) statute; or

(2) an agreement between the hospital and the individual's managed care contractor;

the hospital may not decline to provide nonemergency services to the individual on the basis that the individual is enrolled in the Medicaid risk based program.

(d) A hospital that provides services to individuals described in section 2 of this chapter shall comply with eligibility verification and medical management programs negotiated under the hospital's most recent contract or agreement with the office's managed care contractor.

(e) Notwithstanding subsection (a), this section does not prohibit the office or the office's managed care contractor from directing individuals described in section 2 of this chapter to a hospital other than a hospital in a city where the patient resides if both of the following conditions exist:

(1) The patient is directed to a hospital other than a hospital in a city where the patient resides for the purpose of receiving medically necessary services.

(2) The type of medically necessary services to be received by the patient cannot be obtained in a hospital in a city where the patient resides.

(f) Actions taken after December 31, 2004, and before January 1, 2008, in accordance with this section are hereby declared legal and valid, as if IC 12-15-11.5-3 had not expired.

(g) This section expires December 31, 2007.

SECTION 2. IC 12-15-11.5-4.2 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE DECEMBER 30, 2004 (RETROACTIVE)]: **Sec. 4.2. (a) A hospital that:**

(1) does not have a contract in effect with the office's managed care contractor; but

(2) previously contracted or entered into an agreement with the office's managed care contractor for the provision of services under the office's managed care program;

shall be reimbursed for services provided to individuals described in section 2 of this chapter at rates equivalent to the rates negotiated under the hospital's most recent contract or agreement with the office's managed care contractor, as adjusted for inflation by the inflation adjustment factor described in subsection (b). However, the adjusted rates may not exceed the established Medicaid rates paid to Medicaid providers who are not contracted providers in the office's managed health care services program.

(b) For each state fiscal year beginning after June 30, 2001, an inflation adjustment factor shall be applied under subsection (a)

that is the average of the percentage increase in the medical care component of the Consumer Price Index for all Urban Consumers and the percentage increase in the Consumer Price Index for all Urban Consumers, as published by the United States Bureau of Labor Statistics, for the twelve (12) month period ending in March preceding the beginning of the state fiscal year.

(c) Actions taken after December 31, 2004, and before January 1, 2008, in accordance with this section are hereby declared legalized and valid, as if IC 12-15-11.5-4.1 had not expired.

(d) This section expires December 31, 2007.

SECTION 3. IC 12-16-4.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. A hospital must file the application with the division not more than ~~thirty (30)~~ **forty-five (45)** days after the person has been admitted to, or otherwise provided care by, **released or discharged from** the hospital, unless the person is medically unable and the next of kin or legal representative is unavailable.

SECTION 4. IC 12-16-7.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. The division shall pay the following **under IC 12-16-9.5 and** subject to the limitations in section 5 of this chapter:

(1) The reasonable cost of ~~medical~~ **physician** care covered under IC 12-16-3.5-1 or IC 12-16-3.5-2.

(2) The reasonable cost of transportation ~~to the place of treatment arising out of the medical care.~~ **where health care services covered under IC 12-16-3.5-1 or IC 12-16-3.5-2 are provided.**

SECTION 5. IC 12-16-7.5-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 2.5. (a) **This section applies to payable claims involving:**

(1) hospital services or items;

(2) physician care; or

(3) transportation services;

provided before July 1, 2004.

(b) Payable claims shall be segregated by state fiscal year.

~~(b)~~ **(c)** For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14:

(1) a "payable claim" is a claim for payment for physician care, hospital care, or transportation services under this chapter:

(A) that includes, on forms prescribed by the division, all the information required for timely payment;

(B) that is for a period during which the person is determined to be financially and medically eligible for the hospital care for

the indigent program; and

(C) for which the payment amounts for the care and services are determined by the division; and

(2) a physician, hospital, or transportation provider that submits a payable claim to the division is considered to have submitted the payable claim during the state fiscal year during which the division determined, initially or upon appeal, the amount to pay for the care and services comprising the payable claim.

~~(c)~~ **(d)** The division shall promptly determine the amount to pay for the care and services comprising a payable claim.

SECTION 6. THE FOLLOWING ARE REPEALED [EFFECTIVE DECEMBER 31, 2004 (RETROACTIVE)]: IC 12-15-11.5-3; IC 12-15-11.5-4.1.

SECTION 7. **An emergency is declared for this act.**

SENATE MOTION

Madam President: I move that Senator Garton be removed as author of Senate Bill 66 and that Senator Dillon be substituted therefor.

GARTON

COMMITTEE REPORT

Madam President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 66, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning health.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Health and Provider Services.

(Reference is to SB 66 as introduced.)

GARTON, Chairperson

SENATE MOTION

Madam President: I move that Senator Rogers be added as coauthor of Senate Bill 66.

DILLON

COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 66, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 66 as printed February 16, 2005.)

MILLER, Chairperson

Committee Vote: Yeas 10, Nays 0.

SENATE MOTION

Madam President: I move that Senate Bill 66 be amended to read as follows:

Page 3, between lines 10 and 11, begin a new paragraph and insert:

"SECTION 3. IC 12-16-4.5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. A hospital must file the application with the division not more than ~~thirty (30)~~ **forty-five (45)** days after the person has been admitted to, or otherwise provided care by, **released or discharged from** the hospital, unless the person is medically unable and the next of kin or legal representative is unavailable.

SECTION 4. IC 12-16-7.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. The division shall pay the following **under IC 12-16-9.5 and** subject to the limitations in section 5 of this chapter:

(1) The reasonable cost of ~~medical~~ **physician** care covered under IC 12-16-3.5-1 or IC 12-16-3.5-2.

(2) The reasonable cost of transportation ~~to the place of treatment arising out of the medical care.~~ **where health care services covered under IC 12-16-3.5-1 or IC 12-16-3.5-2 are provided.**

SECTION 5. IC 12-16-7.5-2.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: Sec. 2.5. (a) **This section applies to payable claims involving:**

(1) hospital services or items;

(2) physician care; or

(3) transportation services;

provided before July 1, 2004.

(b) Payable claims shall be segregated by state fiscal year.

~~(b)~~**(c)** For purposes of this chapter, IC 12-15-15-9, IC 12-15-15-9.5, and IC 12-16-14:

(1) a "payable claim" is a claim for payment for physician care, hospital care, or transportation services under this chapter:

(A) that includes, on forms prescribed by the division, all the information required for timely payment;

(B) that is for a period during which the person is determined to be financially and medically eligible for the hospital care for the indigent program; and

(C) for which the payment amounts for the care and services are determined by the division; and

(2) a physician, hospital, or transportation provider that submits a payable claim to the division is considered to have submitted the payable claim during the state fiscal year during which the

division determined, initially or upon appeal, the amount to pay for the care and services comprising the payable claim.

~~(c)~~**(d)** The division shall promptly determine the amount to pay for the care and services comprising a payable claim.".

Renumber all SECTIONS consecutively.

(Reference is to SB 66 as reprinted February 25, 2005.)

DILLON